



AGENDA MEMORANDUM

Corpus Christi Tax Increment Reinvestment Zone #4 Meeting November 19, 2019

DATE: November 15, 2019

TO: President and Honorable Board Members,
Corpus Christi Tax Increment Reinvestment Zone #4

THROUGH: Peter Zanoni, City Manager

FROM: Arlene Medrano, Business Liaison
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Approval of TIRZ #4 Reimbursement Agreement for "The Frazier" at 3612 Surfside Blvd.

CAPTION:

Motion to approve a Development Reimbursement Agreement with The Breakers at North Beach, L.P. for improvements and projects located at 3612 Surfside Boulevard for a total incentive amount not to exceed \$7,826,200 and a completion deadline of July 31, 2022.

SUMMARY:

This motion authorizes a Development Reimbursement Agreement with The Breakers at North Beach, L.P. for improvements and projects located at 3612 Surfside Boulevard, specifically the construction of a 138-unit upscale hotel and a 109-unit luxury multifamily residential development, including a 320-unit concealed parking facility on bottom floors, 47 surface parking spaces, a restaurant, fitness center, pool and manicured courtyard areas. Twenty-two percent of the parking spaces on site will be available for public parking during the day.

BACKGROUND AND FINDINGS:

On November 12, 2019, the City Council adopted an Ordinance for the creation of a tax increment reinvestment zone (TIRZ #4) located at North Beach. Additionally, on that same day, the TIRZ #4 Board adopted and recommended that City Council approve a Project and Financing Plan. City Council will consider adoption of that Project and Financing Plan on November 19, 2019 as a one reading ordinance.

The incentives adopted by the TIRZ #4 Board in the Project and Financing Plan are structured to encourage development key to our community's long-term goal of North Beach revitalization. Development of mixed-use development to build the density that will support locally owned business is a high priority.

This agenda item is a development agreement for the construction of a 138-unit upscale hotel and a 109-unit luxury multifamily residential development, including a 320-unit concealed parking facility on bottom floors, 47 surface parking spaces, a restaurant, fitness center, pool and

manicured courtyard areas. The total development costs are \$39,131,000. The development incentive consists of a Project Specific Development Agreement with a cap of \$7,826,200 to be paid over an eighteen-year period.

- The City shall reimburse annually up to 95% of the property tax increment paid on the improvements to the property to the participating taxing entities in TIRZ #4. This amount is estimated to be \$7,826,200 of reimbursement of taxes paid to City of Corpus Christi and Nueces County for 18 years beginning the first tax year for which the tax is levied after the Developer receives a Certificate of Occupancy
- Reimbursement amount consists of the Project Costs that make the Development eligible under the Incentive Guidelines

The qualifying cost elements for the Project Specific Development Agreement include:

- The total reimbursement by the TIRZ #4 will not exceed 20% of the total project cost if a development is at least 20,000 square feet or creating 100 or more new residential units.
- Environmental Remediation/Code Compliance
- Historic Preservation
- Structured Parking, including availability for public parking
- Urban Design/Landscaping
- Public Improvements/Utilities, including drainage

ALTERNATIVES:

The Board could choose not to approve this agreement or could make revisions to this agreement. If the Board chooses not to approve this agreement, there may be other economic development incentives available to the Developer for the construction of a hotel/apartment complex.

FISCAL IMPACT:

This agreement will have a significant fiscal impact on the TIRZ #4 as it reflects 24.65% of the total twenty-year projected revenue or \$7,826,200 of \$31,753,624 total revenue. However, The Frazier Hotel/Apartment Complex and the La Vista Pointe developments are calculated in the current TIRZ #4 Projections and are expected to catalyze development at North Beach.

FUNDING DETAIL:

Fund: 1114-TIF No. 4 North Beach
Organization/Activity: 13901- TIF 4 Activity EDV
Mission Element: 707- Economic Development
Project # (CIP Only): N/A
Account: 540450- Reimbursement to Developer

RECOMMENDATION:

Staff recommends approving the reimbursement agreement. North Beach has not seen development in over 15 years. The area within the TIRZ #4 suffers from economic stagnation, inadequate infrastructure, and deteriorating properties. Without intervention by the public sector, private market forces will not be sufficient to generate significant development and redevelopment. The Developer has stated they will not move forward with their development without this TIRZ #4 incentive. Staff and legal counsel have found this development to meet the criteria adopted by City Council and the TIRZ #4 Board to approve the development agreement.

LIST OF SUPPORTING DOCUMENTS:

As of the time of posting, the developer agreement had not been finalized. A copy of the finalized agreement will be provided to the Board as soon as possible before the meeting on November 19, 2019.